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AMEMBASSY PARIS

C O N F I D E N T I A L SECTION 1 OF 4 ABIDJAN 6689

E.O. 11652: GDS

TAGS: PINT, PGOV, IV

SUBJECT: THE IVORY COAST -- A MID-YEAR ANALYSIS

REF: A. ABIDJAN 0001; B. ABIDJAN 0002; C. ABIDJAN 2324
D. ABIDJAN A-31; E. ABIDJAN A-17; F. ABIDJAN 5783
G. ABIDJAN A-38; H. ABIDJAN 6066

INTRODUCTION AND SUMMARY

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1. THIS REPORT UPDATES EMBASSY'S ANALYSIS (REFS A AND B) OF POLITICAL, SOCIAL, ECONOMIC AND DIPLOMATIC AFFAIRS IN IVORY COAST. TO AN INCREASING BUT STILL MANAGEABLE DEGREE, THE EFFECTS OF SUCCESSFUL SOCIAL-ECONOMIC DEVELOPMENT ARE PLACING STRAINS ON THE POLITICAL, SOCIAL AND ECONOMIC INSTITUTIONS OF IVORY COAST. IN THIS CONTEXT, THE RESULTS OF GOVERNMENT POLICIES IN THE FIRST

HALF OF 1978 HAVE BEEN MIXED. ON THE POLITICAL FRONT, THE GOVERNMENT'S ATTEMPT TO DECENTRALIZE SOME ASPECTS OF POLITICAL AND ECONOMIC DECISION MAKING AND ADMINISTRATION, THROUGH INSTITUTING MUNICIPAL GOVERNMENTS IN 26 URBAN CENTERS, IS ENCOUNTERING A VARIETY OF PROBLEMS AS THE GOVERNMENT TRIES TO ADAP ITS ONE PARTY SYSTEM TO MUNICIPAL ELECTIONS. ON THE SOCIAL FRONT, GOVERNMENT POLICIES THAT HAVE CREATED MANY ELEGANT AND MODERN STRUCTURES AND SERVICES IN IVORIAN URBAN CENTERS, PARTICULARLY IN ABIDJAN, ARE ALSO BEGINNING TO RESULT IN AN INCREASE OF POLLUTION, CONGESTION AND CRIME. THE GOVERNMENT'S POLICY OF ATTRACTING FOREIGN INVESTMENT AND FOREIGN, PARTICULARLY FRENCH CADRE CONTINUES TO BE AN EFFECTIVE AND IMPORTANT ELEMENT IN THE SOCIAL AND ECONOMIC DEVELOPMENT OF IVORY COAST. BUT AT THE HUMAN LEVEL STRAINS ARE BEGINNING TO SURFACE BETWEEN YOUNGER IVORIANS AND FRENCH COOPERANTS.

2. ON THE ECONOMIC FRONT, IT APPEARS THAT GROWTH IS SLOWING DOWN IN 1978 AFTER A BOOM YEAR IN 1977. EXPORT EARNINGS ARE FALLING AND THERE IS A GROWING REALIZATION THAT IVORIAN CRUDE OIL PRODUCTION IS NOT GOING TO PROVIDE A SUBSTANTIAL WINDFALL FOR DEVELOPMENT PROJECTS. KNOWING THERE WERE LESS FUNDS AVAILABLE FOR DEVELOPMENT PROJECTS THAN PREVIOUSLY EXPECTED, THE GOIC WAS GIVEN FURTHER CAUSE FOR CONCERN BY THE REVELATIONS THAT FOREIGN DEBT HAD DOUBLED IN 1977. FORTUNATELY, THE GOIC APPEARS TO BE DRAWING THE

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RIGHT CONCLUSIONS ABOUT THE NEED FOR CORRECTIVE ACTION, AND THE IVORIAN ECONOMY REMAINS BASICALLY SOUND.

3. IN FOREIGN RELATIONS THE FIRST HALF OF 1978 WAS LESS AMBIGUOUS. THE YEAR BEGAN WITH THE HIGHLY SUCCESSFUL STATE VISIT OF FRENCH PRESIDENT VALERY GISCARD D'ESTAING. TWO MONTHS AFTER GISCARD'S VISIT, HOUPHOUET AND OTHER WEST AFRICAN MODERATES MET WITH SEKOU TOURE AT THE MONROVIA SUMMIT. RECONCILIATION WITH GUINEA IS VALUABLE TO HOUPHOUET BECAUSE HE SEES IT AS A MEANS OF LIMITING SOVIET INFLUENCE IN WEST AFRICA. IN THIS CONNECTION, WHILE THE SECOND SHABA AFFAIR IN THE SPRING RE-ENFORCED HOUPHOUET'S FEARS OF SOVIET INTENTIONS, WESTERN, INCLUDING AMERICAN COUNTER-ACTIONS WERE REASSURING TO HIM.

4. DURING THE REST OF 1978 AND FOR THE IMMEDIATE FUTURE, HOUPHOUET AND THE POLITICAL LEADERSHIP OF IVORY COAST SHOULD BE ABLE TO COPE WITH THE INCREASING STRAIN ON IVORIAN INSTITUTIONS ESPECIALLY SINCE THE ECONOMY REMAINS BASICALLY SOUND. WHETHER THE POST-HOUPHOUET LEADERSHIP WILL BE ABLE TO MANAGE THE CONSEQUENCES OF SUCCESSFUL SOCIAL-ECONOMIC DEVELOPMENT REMAINS THE KEY QUESTION AS REGARDS

THE MID- TO LONG-TERM FUTURE OF IVORY COAST.
END OF INTRODUCTION AND SUMMARY

5. INTERNAL DEVELOPMENTS: IN THE FIRST HALF OF 1978
POLITICAL ACTIVITY IN IVORY COAST HAS QUICKENED AND
BECOME MORE AUDIBLE AS THE GOIC, THROUGH THE DEMOCRATIC
PARTY OF IVORY COAST (PDCI), PREPARES THE COUNTRY FOR
MUNICIPAL ELECTIONS IN 26 URBAN CENTERS. THE HOLDING OF
MUNICIPAL ELECTIONS WILL FULFILL A COMMITMENT MADE BY
HOUPHOUET IN 1975 TO DECENTRALIZE SOME ASPECTS OF POLITICAL
AND ECONOMIC DECISION MAKING, AND TO PERMIT A GREATER DE-
GREE OF LOCAL AUTONOMY. IN DECEMBER 1977 THE NATIONAL
ASSEMBLY ENACTED A LAW THAT GAVE MUNICIPL STATUS TO
26 URBAN CENTERS BUT DID NOT ADDRESS THE QUESTION OF
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THE TIMING AND NATURE OF MUNICIPAL ELECTIONS (REF D).
SINCE EARLY 1978, THE POLITICAL BUREAU OF THE PDCI HAS
BEEN STUDYING VARIOUS PROPOSALS ON THE TIMING AND NATURE
OF MUNICIPAL ELECTIONS, AND IN MAY AND JUNE THE SECRETARY
GENERAL OF THE PDCI, PHILIPPE YACE, TRAVELED TO THE 26
URBAN CENTERS OSTENSIBLY TO EXPLAIN HOW THE GOVERNMENT
PLANNED TO HOLD THE ELECTIONS.

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6. ACCORDING TO EMBASSY SOURCES, SOME GOVERNMENT AND PARTY OFFICIALS IN ABIDJAN AND UPCOUNTRY HAD HOPED THAT THE MUNICIPAL ELECTIONS WOULD BE A VEHICLE THROUGH WHICH GREATER OPENNESS AND FLEXIBILITY COULD BE INTRODUCED INTO THE ONE PARTY SYSTEM. HOWEVER, ON HIS TRIPS UPCOUNTRY YACE TRIED TO PERSUADE LOCAL PARTY AND GOVERNMENT OFFICIALS TO AGREE ON A "CONSENSUS CANDIDATE" FOR MAYOR, RATHER THAN ACTUALLY ELECTING THE PARTY'S CANDIDATE THROUGH PRIMARY ELECTIONS. IN FIFTEEN TO TWENTY OF THE URBAN CENTERS HE VISITED, YACE SUCCEEDED IN FORGING A CONSENSUS BEHIND ONE CANDIDATE, WHO OFTEN WAS A NATIONALLY KNOWN PERSONALITY
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AND WHO ALREADY HELD OTHER GOVERNMENT OR PARTY POSITIONS. THUS, MAMDOU COULIBALY, PRESIDENT OF THE SOCIAL AND ECONOMIC COUNCIL, REPROATEDLY WILL BE THE MAYOR OF ODIENNE, AND JEAN BAPTISTE MOCKEY, MINISTER OF HEALTH, WILL BE THE MAYOR OF GRAND BASSAM. ACCORDING TO EMBASSY SOURCES, HOWEVER, YACE ENCOUNTERED OPPOSITION IN THE OTHER URBAN CENTERS. MOREOVER, YACE ALLEGEDLY TREATED SOME LOCAL PERSONALITIES IN AN AUTHORITARIAN AND CONDESCENDING MANNER THAT DID NOT GO OVER VERY WELL AT ALL. ONE WELL-INFORMED LOCAL OBSERVER TOLD THE AMBASSADOR THAT DISCONTENT WITH YACE'S CONSENSUS APPROACH WAS SUCH THAT HOUPHOUET WAS CONSIDERING RESCINDING SOME OF THE DECISIONS INVOLVING CONSENSUS CANDIDATES.

7. AS EMBASSY REPORTED IN REF D, THE SIGNIFICANCE OF ELECTING MAYORS AND CITY COUNCILS WAS THE DEMONSTRATIVE EFFECT IT WOULD HAVE ON IMPORTANT ELEMENTS OF IVORIAN SOCIETY AND THE FACT THAT THE SUBJECT OF ELECTIONS WAS PLACED ON THE NATIONAL AGENDA BY HOUPHOUET AND THE TOP LEADERSHIP. AT PRESENT IT IS STILL UNCLEAR WHEN AND HOW THE MUNICIPAL ELECTIONS WILL BE HELD. HOWEVER, IT IS BEGINNING TO APPEAR THAT THE POLITICAL POT HAS BEEN STIRRED TO A DEGREE PROBABLY UNEXPECTED BY HOUPHOUET AND YACE, AND THAT YACE'S HANDLING OF THE PREPARATIONS FOR THE ELECTIONS THROUGH A CONSENSUS APPROACH HAS BEEN UPOPULAR IN SOME URBAN CENTERS. ALTHOUGH IT IS TOO EARLY TO MAKE AND

ASSESSMENT, IT WILL BE INTERESTING TO SEE WHETHER THE POLITICAL FALLOUT GENERATED BY THE ATTEMPT TO ADAPT IVORY COAST'S ONE PARTY SYSTEM TO THE HOLDING OF MUNICIPAL ELECTIONS WILL AFFECT YACE'S STATURE AS HOUPHOUET'S POLITICAL SUCCESSOR.

8. IN THE COURSE OF HIS TRIPS UPCOUNTRY, YACE ALSO STRESSED
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THE THEME THAT IVORIAN YOUTH SHOULD PARTICIPATE MORE IN PARTY AND LOCAL AFFAIRS AND THAT PARTY ELDERS SHOULD BE WILLING TO MAKE ROOM FOR THE YOUNGER GENERATION. YACE HAS SO STRESSED THIS THEME THAT IT APPEARS THE IVORIAN LEADERSHIP IS BECOMING MORE CONCERNED ABOUT DISAFFECTION WITH THE - OR MORE ACCURATELY, WITH THE "SYSTEM" - AMONG YOUNGER IVORIANS. SUCH DISAFFECTION CERTAINLY EXISTS AND IS PART OF A MORE WIDESPREAD SOCIAL PHENOMENON, NAMELY, THE INCREASING STRAIN EXERTED ON TRADITIONAL IVORIAN INSTITUTIONS AND VALUES BY WESTERN-INSPIRED FORCES OF MODERNIZATION. THE VERY POLICIES THAT HAVE RESULTED IN THE CREATION OF THE MANY ELEGANT AND MODERN STRUCTURES AND SERVICES IN IVORIAN URBAN CENTERS, PARTICULARLY IN ABIDJAN, ARE ALSO BEGINNING TO RESULT IN AN INCREASE OF POLLUTION, CONGESTION AND CRIME. WHILE THE LEVEL OF POLLUTION AND CONGESTION REMAINS MANAGEABLE, EACH YEAR THE CROWDING OF PEOPLE INTO THE SLUMS OF ABIDJAN INCREASES. PREDICTABLY, IVORIAN YOUTH, RELUCTANT TO REMAIN IN RURAL OR SMALLER URBAN CENTERS, ARE GOING TO ABIDJAN OR OTHER LARGE URBAN CENTERS TO SEEK THEIR FORTUNES. THERE ARE INCREASING MEDIA REPORTS OF JUVENILE DELIQUENCY AMONG THE TEEN-AGERS OF "GOOD FAMILIES" AND OF VANDALIZING JUVENILE GANGS THAT CALL THEMSELVES BY SUCH NAMES AS "THE FLASHERS" OR "THE PHAROAHs". MORE AND MORE, TRADITIONAL CONSTRAINTS ON BEHAVIOR ARE BEING WEAKENED BY THE FORCES OF MODERN URBAN EXISTENCE.

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9. ALTHOUGH THERE HAS BEEN LESS EMPHASIS PLACED ON THE ANTI-CORRUPTION CAMPAIGN SINCE THE BEGINNING OF THE YEAR, PUBLIC AND PRIVATE CORRUPTION REMAINS A PROBLEM. THERE HAVE BEEN RUMORS THAT THIS OR THAT MINISTER WOULD BE FIRED ON THE BASIS OF CORRUPTION. MOST OFTEN MENTIONED AS SACRIFICIAL CANDIDATES TO "THE SPIRIT OF JULY 20" ARE MINISTER OF DEFENSE M'BAHIA BLE AND MINISTER OF EDUCATION AKOTO YAO. AT MID-YEAR, HOWEVER, THERE ARE NO INDICATIONS OF ANOTHER MAJOR GOVERNMENT RESHUFFLE, PARTICULARLY WHILE HOUPHOUET VACATIONS IN EUROPE WHERE HE IS LIKELY TO REMAIN CONFIDENTIAL

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UNTIL LATE SUMMER. CORRUPTION IN THE PRIVATE SECTOR (WHAT WE CALL WHITE COLLAR CRIME) MIGHT HAVE MORE SERIOUS SOCIAL CONSEQUENCES IN THE LONG-RUN, AS THE GAP BETWEEN THE STANDARD OF LIVING OF THE RICH AND THE COMMON MAN BECOMES MORE CONSPICUOUS.

10. ANOTHER AREA WHERE STRAINS HAVE BECOME MORE VISIBLE IS IN THE CONTINUING GROWTH OF THE FOREIGN POPULATION IN IVORY COAST. MANY IVORIAN OBSERVERS ATTRIBUTE A GOOD AMOUNT OF THE RECENT INCREASE IN CRIME TO THE LARGE NUMBER OF FOREIGN AFRICANS. SOME IVORIANS ALSO COMPLAIN ABOUT THE LEBANESE AND SYRIAN COMMUNITIES WHICH ARE INFLUENTIAL BEYOND THEIR NUMBERS. SINCE MOST HAVE ENTERED THE RETAIL BUSINESS AND OTHER SECTORS OF COMMERCE, THEY ARE QUITE VISIBLE. BUT

THE MOST IMPORTANT FOREIGN PRESENCE AND THE ONE THAT AROUSES THE MOST AMBIVALENT SENTIMENTS IS THE FRENCH (REF E).

11. THE GOVERNMENT'S POLICY OF ATTRACTING FOREIGN INVESTMENT AND FOREIGN, PARTICULARLY FRENCH CADRE CONTINUES TO BE AN EFFECTIVE AND IMPORTANT ELEMENT IN THE SOCIAL AND ECONOMIC DEVELOPMENT OF IVORY COAST. HOUPHOUET HAS MADE IT PERFECTLY CLEAR THAT HE WELCOMES FOREIGN, PARTICULARLY FRENCH INVESTMENTS AND ASSISTANCE. BUT AT THE HUMAN LEVEL PROBLEMS ARE BEGINNING TO SURFACE. DURING HIS VISIT TO IVORY COAST IN JANUARY, GISCARD RAISED THE PROBLEM OF INADEQUATE HOUSING FOR THE GROWING NUMBER OF FRENCH COOPERANTS WORKING IN THE EDUCATIONAL SYSTEM OF IVORY COAST. REPORTEDLY, HOUPHOUET DECIDED TO HOUSE SOME OF THE FRENCH COOPERANTS IN HOUSING PREVIOUSLY PROMISED TO IVORIAN TEACHERS. AS THEY LEARNED OF THIS DECISION, SOME IVORIAN TEACHERS ORGANIZED, CIRCULATED A PAMPHLET AIRING THEIR DISCONTENT, AND COMPLAINED TO THE GOVERNMENT. ACCORDING TO EMBASSY SOURCES, THE GOVERNMENT DECIDED CONFIDENTIAL

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IN FAVOR OF THE IVORIAN SCHOOL TEACHERS; BUT AS THE NUMBER OF FRENCH IN IVORY COAST CONTINUES TO INCREASE SUCH INCIDENTS ARE ALSO APT TO RECUR MORE OFTEN. ACCORDING TO EMBASSY SOURCES, SEVERAL HUNDRED MORE FRENCH COOPERANTS ARE COMING TO IVORY COAST OVER THE NEXT YEAR, MOST OF WHOM WILL WORK IN THE EDUCATIONAL SYSTEM.

12. THE STRAINS CITED ABOVE ARE NOT THE RESULT OF POLITICAL OR MANAGERIAL CONFLICTS OR ERRORS, BUT OF THE INEVITABLY DIFFICULT PASSAGE ALL DEVELOPING SOCIETIES UNDERGO IN THEIR TRANSITION FROM A TRADITIONAL TO A MODERN SOCIAL-ECONOMIC STRUCTURE. WHILE A FAILURE IN POLITICAL LEADERSHIP COULD IN THE MID-TO LONG-RUN CREATE SERIOUS PROBLEMS, ESPECIALLY IN A POST-HOUPHOUET CONTEXT, IT IS THE STATE OF THE IVORIAN ECONOMY THAT WILL PRIMARILY DETERMINE IVORY COAST'S ABILITY TO COPE WITH THESE STRAINS. WHILE THERE WERE SOME NEGATIVE INDICATORS IN THE FIRST HALF OF 1978, THE STATE OF THE ECONOMY IS SOUND AND IS LIKELY TO REMAIN SOUND FOR THE FORESEEABLE FUTURE.

13. THE ECONOMY: SINCE THE BEGINNING OF 1978, ECONOMIC GROWTH APPEARS TO BE SLOWING DOWN. FOREIGN EXCHANGE EARNINGS FROM EXPORT CROPS WILL PROBABLY BE WELL BELOW 1977'S RECORD \$2.3 BILLION (REF E). THE 1977-1978 COFFEE CROP IS DOWN BY ABOUT ONE-THIRD DUE TO INADEQUATE RAINFALL AND IS BEING SOLD AT PRICES ABOUT ONE-HALF OF LAST YEAR'S RECORD LEVEL. FORTUNATELY, THE 1977-1978 COCOA CROP WAS UNAFFECTED BY THE LACK OF RAIN AND PRODUCTION REACHED A RECORD 280,000 TONS. THE CONSIDERABLY LARGER

HARVEST SHOULD KEEP COCOA EARNINGS AT A HIGH LEVEL IN SPITE OF THE DROP IN PRICES. STABILIZATION FUND PROFITS, WHICH HAVE BEEN THE MAJOR SOURCE OF FUNDING FOR THE IVORY COAST'S DEVELOPMENT PROGRAM, WILL PROBABLY BE DOWN SHARPLY IN 1978. THE FUND RAISED THE GUARANTEED PRICE PAID TO FARMERS FOR COFFEE AND COCOA BY 40 PERCENT WHILE RECEIPTS FROM THESE COMMODITIES ARE LESS DUE TO THE FALL IN WORLD
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MARKET PRICES.

14. THE GROWING REALIZATION THAT IVORIAN CRUDE OIL PRODUCTION IS PROBABLY NOT GOING TO PROVIDE A SUBSTANTIAL WINDFALL FOR DEVELOPMENT PROJECTS HAS ALSO BEEN A DISAPPOINTMENT (REF H). IN SPITE OF THE DISCOVERY OF A SECOND PRESUMED COMMERCIAL DEPOSIT, ESSO BELIEVES THAT EVEN AFTER FURTHER EXPLORATION THE IVORY COAST'S KNOWN OFFSHORE DEPOSITS WILL REMAIN MODEST. TO THE BEST OF OUR KNOWLEDGE, THE PHILLIPS-LED CONSORTIUM HAS NOT DISCOVERED A COMMERCIAL DEPOSIT. ALTHOUGH BOTH PHILLIPS AND ESSO CONTINUE TO DRILL, THE EUPHORIA WHICH ACCOMPANIED LAST YEAR'S ANNOUNCEMENT OF THE BELIER DEPOSIT IS SUBSIDING AS IT BECOMES CLEAR THAT IVORY COAST'S OFFSHORE DEPOSITS WILL NOT MEET EARLIER EXPECTATIONS.

15. WITH THE DROP IN EXPORT EARNINGS AND THE REGULATION THAT PETROLEUM WOULD NOT PROVIDE A SUBSTANTIAL WINDFALL, THE REVELATION THAT FOREIGN BORROWING BY VARIOUS GOVERNMENT AGENCIES AND PARASTATAL ENTERPRISES HAD TOTALLED \$1.6-2.0 BILLION IN 1977 CAME AS A SHOCK (REF C). WITH MORE THAN \$3.5 BILLION IN FOREIGN DEBT (DISBURSED PLUS UNDISBURSED) ON ITS BOOKS, THE GOIC SUDDENLY HAD TO FACE THE PROSPECT OF A DEBT SERVICE/EXPORTS RATIO IN EXCESS OF 20 PERCENT BY THE EARLY 1980'S. IVORY COAST'S NUMEROUS PARASTATAL ENTERPRISES, WHOSE FOREIGN BORROWING WAS NEVER CAREFULLY MONITORED BY THE GOVERNMENT, HAD FINALLY OVEREXTENDED THEMSELVES AND PLACED THE GOIC'S AMBITIOUS DEVELOPMENT PROGRAM IN JEOPARDY.

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16. ONCE IT BECAME CONVINCED OF THE SERIOUSNESS OF THE SITUATION, THE GOIC REACTED RAPIDLY AND EFFECTIVELY. FIRST OF ALL, IT PLACED A LID ON ALL BUT ESSENTIAL FOREIGN BORROWING. SINCE JANUARY THE GOVERNMENT HAS BORROWED ALMOST NOTHING BEYOND A \$60 MILLION LOAN TO COMPLETE THE FINANCING OF THE BUYO HYDROELECTRIC DAM ALREADY UNDER CONSTRUCTION. MEANWHILE, THE PARASTATAL ENTERPRISES HAVE BEEN INFORMED THAT HENCEFORTH ALL OF THEIR FOREIGN BORROWING IS TO BE HANDLED BY THE CAISSE AUTONOME D'AMORTISSEMENT, THE GOIC'S DEBT MANAGEMENT AGENCY, AND THUS WILL BE SUBJECT TO CENTRALIZED CONFIDENTIAL

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OVERSIGHT. IN ADDITION, UNDER PRESIDENT HOUPHOUET'S DIRECTION THE GOIC HAS UNDERTAKEN A COMPREHENSIVE REVIEW OF ITS DEVELOPMENT PROGRAM FOR THE COMING YEARS, AND IT HAS BEGUN TO POSTPONE MANY EXCESSIVELYEXPENSIVE, LOW-PRIORITY, OR UNPRODUCTIVE INVESTMENTS. INTER ALIA, ROAD CONSTRUCTION IN SPARSELY POPULATED AREAS UPCOUNTRY, THE VOIE TRIOMPHALE (ABIDJAN'S VERSION OF THE CHAMPS ELYSEES), THE SAN PEDRO PORT EXPANSION, AN ENORMOUSLY EXPENSIVE PAPER PULP MILL, AN EXTRAVAGANT NEW HOSPITAL IN THE PRESIDENT'S HOMETOWN, AND THE PROPOSED NEW UNIVERSITY IN BOUAKE HAVE ALL BEEN POSTPONED. FINALLY, THE GOIC

IS TAKING STEPS TO CANCEL SOME OF THE LOANS WHICH HAVE NOT YET BEEN DRAWN UPON, AND TO ACCELERATE REPAYMENT OF SOME OF THOSE WHICH HAVE.

17. OVERALL, THE IVORIANS APPEAR TO BE IN CONTROL OF THE SITUATION. HOPEFULLY, THE GOIC WILL GAIN FROM THIS EXERCISE THE EXPERIENCE (AND THE INSTITUTIONAL ORGANIZATION) IT NEEDS TO KEEP ITS LONGER-TERM FINANCES IN ORDER, AND THUS AVOID A REPETITION OF THE BACK-PEDDLING WHICH HAS BEEN NECESSARY OVER THE PAST FEW MONTHS. THE NEED FOR DUE CAUTION IS A CONTINUING ONE. THE APPEARANCE LATER THIS SUMMER OF THE 1979-1981 PUBLIC INVESTMENT PROGRAM WILL REVEAL THE EXTENT TO WHICH THE GOIC HAS ASSIMILATED THIS LESSON.

18. FOREIGN RELATIONS: IN FOREIGN RELATIONS, THE FIRST HALF OF 1978 WAS LESS AMBIGUOUS. THE YEAR BEGAN WITH THE HIGHLY SUCCESSFUL STATE VISIT OF FRENCH PRESIDENT VALERY GISCARD D'ESTAING. THE VISIT SYMBOLIZED THE IMPORTANCE BOTH THE IVORY COAST AND FRANCE ATTACH TO THEIR CLOSE AND MUTUALLY PROFITABLE RELATIONS. BUT THE VISIT HAD SPECIAL MEANING FOR HOUPHOUET: AFTER THE WESTERN COLLAPSE
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IN ANGOLA, SHABA I, AND THE INCREASE OF SOVIET/CUBAN ACTIVITY IN AFRICA, HOUPHOUET RECEIVED GISCARD AS THE PRINCIPAL GUARANTOR OF THE SECURITY OF IVORY COAST. GISCARD'S STATEMENT THAT, "FRANCE WOULD HONOR HER COMMITMENTS," WAS HIGHLY REASSURING TO HOUPHOUET, WHOSE FEARS OF SOVIET POWER AND DOUBTS OF WESTERN SUPPORT HAD BEEN RE-ENFORCED BY RECENT EVENTS (REF E).

19. TWO MONTHS AFTER GISCARD'S VISIT, HOUPHOUET, PRESIDENT LEOPOLD SENGHOR OF SENEGAL AND OTHER MODERATE WEST AFRICAN LEADERS MET WITH PRESIDENT SEKOU TOURE OF GUINEA AT THE MONROVIA SUMMIT. RECONCILIATION WITH SEKOU TOURE MEANS FOR HOUPHOUET THE POSSIBILITY OF REDUCING SOVIET-CUBAN INFLUENCE IN A NEIGHBORING STATE AND TRUE RAPPROCHEMENT WITH SEKOU TOURE WOULD LEAVE ONLY BENIN AS A "RADICAL" OUTSIDE THE FOLD.

20. THE LARGE NUMBER OF CHIEFS OF STATES WHO ATTENDED AND THE PREDOMINANT ROLE PLAYED BY THE MODERATES AT THE FRANCOPHONE SUMMIT IN PARIS IN MAY ALSO REASSURED HOUPHOUET. WHILE THE SECOND SHABA AFFAIR HAS RE-ENFORCED HOUPHOUET'S FEARS OF SOVIET INTENTIONS, HE WELCOMED WESTERN COUNTERACTION, ESPECIALLY THE AIRLIFT OF AFRICAN PERSONNEL INCLUDING AN IVORIAN PARAMEDICAL TEAM TO SHABA.

21. THE ACTIVE IF LIMITED IVORIAN PARTICIPATION IN THE

INTER-AFRICAN SHABA FORCE, HOWEVER, MAY POSE DIFFICULT DECISIONS FOR HOUPHOUET AND THE TOP IVORIAN LEADERSHIP, PARTICULARLY IF THE PRESENCE OF AN INTER-AFRICAN FORCE IN SHABA CONTINUES INDEFINITELY. AS EMBASSY REPORTED (REF F), THE IVORIAN DECISION TO SEND 105 MEDICAL PERSONNEL TO SHABA WAS PRECEDED BY A SHARP DEBATE WITHIN THE GOIC. WHILE UNDERSTANDING HOUPHOUET'S RATIONALE FOR SENDING MEDICAL RATHER MILITARY PERSONNEL, THE IVORIAN MILITARY HAD SERIOUS RESERVATIONS ABOUT THE LOGISTICAL AND SECURITY PROBLEMS INVOLVED IN SENDING SUCH A CONTINGENT. INDEED, CONFIDENTIAL

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ACCORDING TO DATT SOURCES, THERE WAS SOME DISCONTENT AMONG THE MILITARY OVER HOUPHOUET HAVING COMMITTED ANY IVORIAN PERSONNEL ABROAD AT ALL.

2. CONCLUSION: WHILE STRAINS ON IVORIAN INSTITUTIONS HAVE INCREASED IN THE FIRST HALF OF 1978, HOUPHOUET AND THE TOP IVORIAN LEADERSHIP REMAIN IN CONTROL OF THE SITUATION AND IVORY COAST REMAINS ON ITS SUCCESSFUL COURSE OF SOCIAL-ECONOMIC DEVELOPMENT. INDEED, WE BELIEVE THAT MOST OF THE PROBLEMS FACING HOUPHOUET AND THE TOP LEADERSHIP ARE THE RESULT OF IVORY COAST'S SUCCESSFUL DEVELOPMENT POLICIES. ON BALANCE, THE ECONOMY REMAINS SOUND AND SHOULD GENERATE ENOUGH GROWTH TO PERMIT THE POLITICAL LEADERSHIP THE WHEREWITHAL TO COPE WITH THE INCREASING STRAINS ON IVORIAN INSTITUTIONS THROUGH 1978 AND THE IMMEDIATE FUTURE. WHETHER THE POST-HOUPHOUET LEADERSHIP WILL BE ABLE TO MANAGE THE CONSEQUENCES OF SUCCESSFUL SOCIAL-ECONOMIC DEVELOPMENT -- WHETHER IT WILL BE ABLE TO RECONCILE TRADITIONAL VALUES WITH THE DEMANDS AND PRACTICES OF THE AGROBUSINESS SOCIETY WHICH THE IVORY COAST IS BECOMING -- REMAINS THE KEY QUESTION FOR THE MID- AND LONG-TERM FUTURE.
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